New Jersey Community Capital
is a community development financial institution.

Our MISSION is
to create thriving communities through
strategic investments and knowledge.
MESSAGE FROM THE PRESIDENT

In 2016—nearly three decades after first opening our doors—the current strategic vision for our organization was set to expire. For five years, we had set about making New Jersey Community Capital (NJCC) a "go-to" partner for community development in New Jersey and a powerful example of what a highly capable Community Development Financial Institution (CDFI) could look like. As we look back on the goals we set for ourselves, we can humbly say we exceeded our expectations.

But despite our growth, innovation, and dexterity, we discovered there was still more we could do for our communities and partners, more gaps to fill, and more challenges to take on. In order to form a new set of goals and chart the next course for our work, we first took an honest look at ourselves and then asked our partners to provide their frank feedback as well.

This new Strategic Plan represents a distillation of those invaluable ideas and suggestions. Despite the challenges of an economic crisis and a devastated housing market, our programs and initiatives resonated with our borrowers, partners, and investors. Our approach and execution were innovative. But was there a way we could do more? To do what we do, just better?

We are confident this new vision for the next four years will help us refine, integrate, and expand our current strategies, helping us to serve even more New Jerseys and their communities and continuing to tackle the stubborn challenges facing underserved neighborhoods. By focusing on sharpening the tools already in our toolkit and using them together whenever and wherever possible, we will continue to rid blocks of vacant eyesores; create safe, healthy, and affordable homes; unlock or maintain homeownership for low-income families; form collaborations across sectors to effect both meaningful and systems change, help municipalities and their residents develop revitalization plans; and provide flexible, accessible financing for the wide array of community and economic development projects needed to propel neighborhood prosperity.

As the state’s largest CDFI, NJCC will continue to be an effective industry leader, demonstrating and replicating the power of our innovations in New Jersey and beyond. We will remain a committed and efficacious partner to all those who rely or call on us for help. And we will continue to draw inspiration from our talented, dedicated, and motivated staff and Board of Directors.

However, without the steadfast support of our loyal and generous investors and contributors, industrious borrowers, and numerous stakeholders, we would not have been able to develop this new Strategic Plan or continue achieving our mission. We thank you all for everything you do for NJCC. And we look forward to continuing our vital work together.

Sincerely,

Wayne T. Meyer
President
HOW FAR WE HAVE COME

In 1987, a group of New Jersey’s business, religious, nonprofit, and community leaders came together to create a new source of financing for New Jersey’s community-based affordable housing developers: the Community Loan Fund of New Jersey, Inc. (CLFNJ), now known as New Jersey Community Capital (NJCC). CLFNJ closed its first loan in 1988, a $10,000 loan to create one transitional housing unit in Mount Holly.

Thirty years later, NJCC has evolved into one of the most impactful community development financial institutions (CDFIs) in the nation. From 2012-2016, we closed over $200 million in loans and investments—including over $75 million in New Markets Tax Credits (NMTCs)—to empower the development, improvement, or preservation of affordable homes, quality schools and daycare centers, social service providers, small businesses, and economic development projects across New Jersey.

Through this growth and impact, we have fulfilled the main objectives of our 2012-2016 Strategic Plan. We expanded and integrated our growing number of core programs to transform more distressed communities. We enhanced our capacity and resources across our business lines. We increased and strengthened our local partnerships. We maintained a strong financial performance. We fostered a culture of innovation, cooperation, and personal growth among our expanding staff. And we made this progress despite New Jersey’s sluggish economic recovery and a challenging local political climate.

OUR LENDING IS ONLY PART OF OUR GROWTH STORY.

Real Estate Development
We expanded Community Asset Preservation Corporation (CAPC), our real-estate arm, into one of the most powerful conduits of housing stabilization in the state. From 2012-2016, CAPC rebuilt over 300 abandoned homes into new affordable housing, including over 150 new rental units.

Foreclosure Recovery
In 2012, we launched ReStart, our foreclosure recovery program. This initiative has since modified almost 400 mortgages, creating or preserving homeownership and stability for distressed families.

Promoting Homeownership
In 2016, we launched Address Yourself, our mortgage platform, which is now originating new mortgages for dozens of families who could not otherwise access affordable homeownership.

Strategic Guidance
We launched our Community Strategies initiative in 2014, which has since guided community-led coalitions in 22 different New Jersey municipalities in implementing neighborhood redevelopment plans or resolving vacant properties.

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*Includes Off-Balance Sheet Transactions
WHERE WE ARE GOING

In the span of time covered by our last Strategic Plan, our country finally emerged from its decade-long economic crisis, leading to new prospects for investment, growth, and collaboration. Yet our most vulnerable communities remain plagued by a slew of troubles:

- their residential blocks are still dotted with abandoned homes;
- their rental housing costs continue rising;
- homeownership remains inaccessible to their families;
- their quality education options and living wage jobs remain scarce.

Meanwhile, attitudes towards marginalized families are more hostile now than they have been in decades, leaving us and our partners with fewer public resources to reduce inequality and increase opportunity.

We launched a new strategic planning process in 2016. The process provoked us to step back from our day-to-day work, revisit our mission and core values, reassess our evolving community development landscape, and chart a path toward greater organizational strength and sustainability. We saw new opportunities and new demand for growth and replication, and we saw a renewed urgency to fulfill these opportunities to help our communities persevere through new challenges, from inequitable public policies to the ongoing impact—and increasing threat—of natural disaster.

Over the year, over 70 people participated in our planning meetings, interviews, and focus groups, including our leadership, board, staff, and a wide range of partners. Participants offered a diversity of perspectives on our opportunities, threats, and direction. However, they agreed that our central task was not to change course, but rather to double down on our existing programs, making them more far-reaching, collaborative, impactful, and responsive to the needs of our partners and their communities.

Therefore, our SIX NEW GOALS build on those of our prior Strategic Plan: further increasing the supply of affordable housing; further empowering New Jersey communities and their nonprofit stewards; further scaling up and reproducing our models to benefit more distressed areas in and beyond New Jersey; further developing and integrating the skillsets of our expanding team; further strengthening our financial performance. We also recommitted to becoming a national thought leader among CDFIs in strategies, advocacy, impact assessment, and best practice implementation.

In pursuing these goals, we are entering a new phase of our work: “CONSOLIDATION.” Exiting our 2012-2016 Strategic Plan, our core programs are firmly established and connected to improve housing, education, employment, health, and economic stability for thousands of families in every distressed community of New Jersey. Now, in our landscape of growing inequality and continuing uncertainty, we must ensure these programs together become more sustainable, replicable, and expansive, so that we are more prepared to help turn the tide toward opportunity for all.

NJCC’S GOALS 2017-2020

GOAL ONE

Make at least 10,000 New Jersey residents more economically secure by providing over 3,300 safe and affordable homes and providing or resolving more than 1,000 residential mortgages.

GOAL TWO

Revitalize New Jersey communities and strengthen the New Jersey nonprofit sector.

GOAL THREE

Present NJCC as a national leader and model for innovative and comprehensive approaches to the creation of affordable homes and community revitalization.
Our core purpose has never wavered.

For 30 years and counting,

We have always put communities first.”

Wayne T. Meyer
President

We could not complete planning without assessing our environment. While we believe we have the strength to be impactful in any conditions, we viewed these issues as most influential in our work ahead:

1. The ongoing proliferation of vacant single-family properties across New Jersey.
2. The lack of effective planning in many distressed New Jersey communities.
3. The deep divisions in New Jersey along racial and economic lines.
4. The deficiencies of the prior state administration in effectively managing real estate development.
5. The potential for investment in public health, including healthy homes and healthy foods.
6. The statewide need for a trusted neutral partner to convene cross-sector community developers.
7. The need for greater advocacy on behalf of distressed communities.

Focus on NJCC’s Environment

Goal Four
Promote the positive impact of CDFIs and community development throughout the country.

Goal Five
Further maintain the internal alignment of the Board and organization with the goals and aspirations of the plan.

Goal Six
Grow the organization financially to support the goals of this plan and strengthen the sustainability of the organization.
OUR PLANNING PROCESS

In the beginning of 2016, we engaged Consulting for Change, a nonprofit consulting firm, to conduct an organizational assessment and facilitate our strategic planning process. They launched our process that February by engaging our entire staff in a meeting framed around THREE KEY QUESTIONS.

Starting with these three questions, we began a year-long process to map our path toward increased sustainability, replicability, and impact. This process included the following steps.

1. What aspects of our infrastructure need to be strengthened?
2. What do we hope to accomplish over the next four years?
3. Given our goals, where do we need to invest in new capacity?

• ORGANIZATIONAL ASSESSMENT •

Our organizational assessment included an intensive review of internal documents; a staff-wide survey; team-based focus groups for all non-management staff; one-on-one interviews with all managers; and a retreat to complete a SWOT (strengths, weaknesses, opportunities, and threats) analysis. Through these processes, we identified specific elements of our operations and structure that were most effective, along with specific internal systems and processes in need of improvement.

Immediately after this assessment, our leadership began implementing several recommendations for improving our infrastructure that would prepare us to effectively meet our next round of strategic goals. These steps included the addition and realignment of staff across departments, increased investments in computing and data integration, improvements in internal communication, and the continued strengthening of the Board of Directors.

• STRATEGIC PLAN INTERVIEWS AND FOCUS GROUPS •

Our Strategic Planning began in April 2016 with individual and group interviews of our Board of Directors to review achievements of our most recent strategic goals, discuss our strengths and weaknesses, and assess our current market and our service opportunities. These interviews dovetailed into a series of focus groups organized around six lines of business: community development lending; small business lending and support; CAPC; ReStart; Address Yourself; and Community Strategies. Topics included needs we could meet; our opportunities and methods to expand impact; underserved markets and service gaps we should target; ways we could collaborate; and partners who we should engage.

In total, the focus groups included the participation and input of 48 partners and experts from a variety of fields. Each group produced a series of recommendations to provide direction to each program in the coming years, all of which are summarized in this plan. Moreover, by reviewing and synergizing these discussions, we were able to identify common themes and to convert them into a series of overarching goals and objectives to guide our work from 2017 through 2020.
We charged our teams with reviewing the output of our focus groups, applying the Blue Ocean strategy to their recommendations, and identifying the two most significant opportunities for impact. In which lending areas could we expect to see the most demand and greatest needs? What were our greatest opportunities to access neglected abandoned properties and to form new redevelopment partnerships? Where could our lines of business align to increase scale and fill multiple market gaps? What changes did we need to make to take advantage of our opportunities and to fill the greatest gaps?

After our focus groups concluded, we reconvened in November 2016 for a staff-wide “Blue Ocean” Strategic Planning meeting. In the context of CDFIs, a Blue Ocean approach is a way to determine voids where we are uniquely positioned to maximize impact on vulnerable communities and to meet demands for investment among their underserved populations. We began with the premise that, across all of our business lines, we have more opportunities to meet our mission than we can take on—thus, we must prioritize the most impactful ones, where need is greatest and our core competencies are strongest.

At the end of 2016, we gathered our notes from one year’s worth of internal assessment, interviews, focus groups, and strategizing to synthesize them into a Strategic Plan. We found several key themes:

1. Our greatest opportunity to meet needs and maximize impact lay in our alignment of our housing strategies, including lending, real estate development, rental housing management, mortgage modification, mortgage origination, and guidance in local efforts to address abandoned properties. In most cases, implementation of any of these strategies could open the door for others.

2. We are positioned to spur the stabilization of entire communities if we combine our resources, particularly if we align our lending and other interventions with the neighborhood plans that our growing Community Strategies initiative can help localities create across the state.

3. Our homeownership models are especially ripe for replication in markets beyond New Jersey, as few states have similar programs in place to stabilize and originate mortgages for low-income families, hundreds of thousands of whom could succeed as homeowners if provided support.

4. Over the long term, we have substantial unmet opportunities to work with other nonprofits—both in and beyond New Jersey—to reshape policy at all levels to advance community stability in cost-effective ways. Our assessment of our own impact is key to making this case.

5. As always, our realization of the above priorities relies on our attainment, development, support, and retention of strong staff and the responsible growth of our financial capacity.

We translated these themes into six strategic goals, which were reported to our Board and staff for review in January 2017. We have detailed these goals on the following pages.
While we invest in a growing number of needs across New Jersey, our conviction is as strong as ever that stable and affordable housing is the bedrock for thriving neighborhoods. Indeed, almost every one of New Jersey’s distressed neighborhoods is crippled by a block-by-block presence of abandoned homes. These communities desperately need resources and programs to revitalize these homes into new secure and affordable opportunities, both for aspiring low-income homebuyers and renters coping with rising housing costs. Without stable residential blocks filled with economically secure households, distressed neighborhoods will continue to face disinvestment in infrastructure, services, and economic growth. As a result, their residents will suffer from a lack of opportunity for another generation.

If not for our intervention, no public or private strategy would exist to solve this fundamental challenge. So over the last five years, we have been putting the tools in place to meet this need in more and more ways. As we enter our newest phase, we are now uniquely situated to fulfill a wide range of investments that are needed to resolve and prevent housing abandonment at a transformative scale.

By working with local partners, CAPC can successfully acquire, rebuild, and reoccupy abandoned homes at a scale and efficiency that no other nonprofit can achieve and that no private real estate firm would risk. By offering local community development organizations reliable affordable housing loans and lines of credit for single-family housing acquisition and rehab, we fulfill their capital needs and community goals in ways that conventional lenders usually regard as too uncertain or unprofitable. By offering affordable mortgages and reducing principal on delinquent ones, we are the only resource that can create or preserve stable homeownership for hundreds of low-income families.

By implementing all of these programs in tandem and partnering with local community development leaders across the state, we can finance, rehab, and/or rent or sell thousands of once-vacant eyesores, converting them into community assets and new opportunities for families in need. Further, by investing in the preservation of multi-family residencies and the provision of supportive housing, we can fulfill additional housing needs beyond the scope achieved by scattered-site redevelopment. It is by scaling up, integrating, and fostering the replication of these programs in the coming years—in new geographies and through new partners and actors—that we believe we can achieve the greatest impact and most completely fulfill our mission.
As an organization that was founded by community leaders of New Jersey—and maintains such leaders as a core part of our own leadership—the revitalization of communities is embedded in our mission and in all of our strategic decisions. Indeed, we see the neighborhood is the platform on which individuals and families rise or fall. If their neighborhood is home to decent and healthy homes, high-performing schools, successful small businesses and job opportunities, and quality infrastructure, its families are more likely to have opportunities to thrive and build off of the success of one another. If not, they are likely to remain embedded in a cycle of poverty.

We also know that stabilizing neighborhoods requires more than investment in bricks and mortar. For neighborhoods to succeed and for their success to become sustainable, its residents must also feel empowered to determine the direction of their community and committed to its well-being. While there are many local organizations and community groups in New Jersey working to achieve this sense of empowerment, they are often underresourced and lack financial and strategic support for their selfless and often thankless work. For this reason, we are increasingly connecting our investments in homes, schools, and businesses to an investment in strategic support for community coalitions.

We are also reaffirming our commitment to using collaborations, joint ventures, and other creative partnerships to teach our community partners best practices and grow their capacity. By helping partner organizations become more sustainable and venturesome, we hope the work we do will live on and be replicated without our continued assistance. In fact, we are delighted when our partners and borrowers unlock new sources of funding and assistance from other lenders or the private and public sectors. When these efforts become ongoing and independent of our involvement, they become another way we can measure our success and impact.

Further, through our Community Strategies initiative, we are supporting dozens of New Jersey neighborhoods in developing community-driven revitalization plans, identifying resources to enact them, and raising up the leadership of local nonprofits and community members to assure their long-term stewardship. Community Strategies is also helping a number of other coalitions to develop concrete and actionable plans to revitalize their abandoned properties. Meanwhile, we are able to support these plans through loans and investments, through CAPC’s direct revitalization of abandoned housing, and by offering affordable mortgages to increase their population of stable homeowners.

By empowering community coalitions and following their lead, we can ensure that all of our investments in housing, schools, and economic development in their neighborhoods are truly aligned with their visions and will be self-sustaining over time.

ACHIEVING THIS GOAL

We will use the following strategies to revitalize New Jersey communities and strengthen nonprofits:

1. We will coordinate and implement strategies from at least three of our lines of business (Lending, CAPC, ReStart, Mortgage Platform, and Community Strategies) in 30 neighborhoods.
2. Our Community Strategies initiative will facilitate and support collaborative neighborhood revitalization plans and strategies in 7-9 neighborhoods.
3. Community strategies will guide 40 municipalities in developing and implementing effective strategies to resolve their abandoned properties.
4. We will make at least $110 million of loans and investments in support of neighborhood plans—including those developed by Community Strategies—to support their goals related to housing, education and early care, arts and culture, small business, and community facilities.
5. We will build the capacity of 20-25 nonprofit organizations to enhance their impact, improve community outcomes, and maximize their use of capital resources.
Present NJCC as a national leader and model for innovative and comprehensive approaches to the creation of affordable homes and community revitalization.

ACHIEVING THIS GOAL

We will use the following strategies to expand our influence in the national conversation around affordable homeownership:

1. Together with our credit union servicing organization (CUSO) Partner, we will develop and implement a specialized servicing operation for nonprofit purchasers of nonperforming mortgages, including ReStart.
2. ReStart will provide third party loss mitigation services for 1,300 distressed mortgages.
3. ReStart will build partnerships with 35 HUD-certified counseling agencies, local CDCs, and other CDFIs across the U.S. to foster its replication through collaboration.
4. Our leadership will speak at more than 16 local and national platforms about our homeownership model, and we will provide assistance to at least 12 municipalities or nonprofits seeking to implement similar approaches.

Over the last five years, ReStart has changed the lives of hundreds of families who had fallen behind on their mortgages and faced the stress of an impending foreclosure. By bulk-purchasing their mortgages, we have been able to offer them mortgage modifications and sharply reduce their principal payments, or if needed, to arrange a deed-in-lieu of foreclosure and transition them into stable rental housing. We have also arranged one-on-one counseling to increase their success and stability. In doing so, we have helped them regain housing and economic security, usually as rejuvenated homeowners.

ReStart is the only program to use this model to stabilize families and communities still recovering from the foreclosure crisis. In fact, we have been invited by other state agencies to bring ReStart to their communities, and we have received and responded to many requests for technical assistance to acquire large pools of nonperforming mortgages. Through these engagements, we know that we have only scratched the surface of ReStart’s potential impact. In the coming years, we aim to increase awareness of our ReStart model across the country and to help other public and nonprofit entities implement similar models in their own hard-hit neighborhoods. We will foster ReStart’s replication not only through knowledge sharing and strategic advice, but also by creating an infrastructure for mortgage recovery that other entities can use to facilitate its replication.
Over our history, we have used our role in New Jersey’s underserved communities and our expertise in community development finance to promote new community development policy models, from local policies to facilitate the acquisition of abandoned properties to federal policies to increase resources for CDFIs nationally. In the coming years, we will continue to promote policies that facilitate community stabilization. We will also collaborate with other CDFIs and will measure and share the impacts of our new programs, so that we can further hold up our community development models as examples that prove what changes are possible if communities and their advocates have the resources they need. We must then make sure all sectors—public, private, and philanthropic—recognize the need for these resources and create the necessary funding opportunities to help other CDFIs and community developers across the country replicate our models.

ACHIEVING THIS GOAL

We will use the following strategies to promote the positive impact of our sector and advocate for new resources and innovative funding:

1. Both on our own and in coalition with other community development nonprofits, we will inform policy decision makers at the local, state, and federal levels about the positive outcomes of community development strategies and the need to dedicate (renewed and) new resources to support these strategies.
2. We will work to become recognized as a CDFI leader to which other CDFIs look for best practices in investing in comprehensive neighborhood stabilization.
3. We will continue to collect and analyze impact data about each of our programs and use the outcome data to help inform our program design and implementation.

FOCUS ON EQUITABLE DEVELOPMENT

As we engaged in planning with our staff, Board, and partners, we made an intentional effort to focus explicitly on improving our impact on racial equity. The following are some of the equity priorities we chose to embrace or reinforce as part of our development of strategies for increasing our impact:

1. Offer equitable homeownership/mortgage access across racial lines and language barriers.
2. Ensure equal outreach and lending opportunities to minority-owned business enterprises.
3. Focus on employing minority contractors in real estate development.
4. Continue to prioritize investment in “left-behind” communities of color across New Jersey.
5. Increase our efforts to employ people from underserved/underrepresented communities.
Since 2012, our staff has more than doubled in size to keep pace with the growth of our programs, expanding from 22 to 47 full-time employees. As we have grown, we have worked to maintain a supportive and cooperative culture that encourages innovation, collaboration, shared values, and mutual trust. We have also made efforts to attract top local talent to manage programs like CAPC, our Mortgage Platform, and Community Strategies, while also providing our existing staff members with opportunities to develop professionally and to assume more prominent leadership roles.

However, we know there is more we can do to improve our operations and the environment we offer our staff. After reviewing our organizational assessment, we updated our goals to reflect feedback we received across departments, including ideas for improving interdepartmental communication, enhancing public relations, expanding workspace and IT infrastructure, and managing human resource and staff support needs. We are already taking many steps to respond to this feedback, including an expansion of our office space, the employment of new human resources and IT management staff, and the adoption of strategies to foster cross-department collaboration.
In order to achieve the goals outlined in this plan, we must continue to build on the strong financial growth and performance we have achieved over recent years. Based on our current growth trajectory, the demand for our capital, and the opportunities we have to expand our lending and other initiatives—both in and beyond New Jersey—we believe that we are well-prepared to achieve this continued growth and attraction of new resources, including substantial debt, equity, and grant capital as well as mission-related investments from family foundations, donor-advised funds, and other mission-driven investors. At the same time, we intend to continue to implement sound financial management, prudent lending practices, and increasing diversification of our income sources to ensure this growth is responsible and sustainable. As a result, we expect that we will continue to show consistently strong net asset ratios (above 25%), deployment ratios (above 80%), levels of self-sufficiency (above 70%), and rates of loan performance.

We invite you to join our quest.